Introduction

• There are approximately 183,000 acres under IDL’s Payette Lakes Area Office management.

• Of those, approximately 74,000 acres, are classified, managed, and hold commensurate value as primary timberlands.

• Approximately 5,000 acres sit within McCall’s designated Area of Impact, are classified as timberland assets, but are surrounded by higher valued land types.
Introduction

• Endowment lands within the area of impact are either zoned for uses other than timberland or identified as areas for growth in the future.

• Proximity to urban areas make traditional timber management difficult due to view sheds, public safety, and conflicts with adjacent uses (i.e. residential, recreation, etc.).

• These lands have potential for higher revenue generating uses through leasing or disposition (exchange or sale).
Problem

There is a continuing need to evaluate and discuss the future of endowment lands within and immediately outside of the City of McCall’s growth and impact areas.

- Underperforming assets (timberland)
- Revenue vs asset value - commensurate with appropriate asset returns
- Inconsistency between current asset classification and local planning
- Public's understanding of the endowment mission
The Plan

Phase 1 – Short Term Plan
• Transition properties that are ready

Phase 2 – Medium Term Plan
• Properties that are on the near horizon and/or need additional studies

Phase 3 – Long Term Plan
• Develop broader suite of management options to maximize long-term revenue to value

• Transition lands in a community context require long-range evaluation.
  • Immediate management decisions need to be made in the context of long-term community and market contexts.

• A phased approached allows revenue generation today, while considering potential future opportunities and trends.
Phase I – Short Term Plan (1-5 years)

• Transition those properties that are ready
  • Underperforming assets
  • Higher and better uses
  • Surrounding uses, utilities, infrastructure, and zoning prescribe and promote potential uses
  • Market conditions provide for absorption opportunities

• Revenue generated from transition closes the financial "gap".

Management Options:

• Traditional lease types
• New leasing opportunities
  • Disposition
  • Land exchange
Phase II - Medium Term Plan (5-10 years)

Properties that are on the near horizon and/or need additional studies.
  • Parcel specific planning to determine maximum revenue opportunity.
  • Use external experts to help evaluate real estate planning.

• Jurisdictional and other agency coordination, as needed.

• Work with stakeholders to establish coordination and cooperation within constitutional limitations and mandate.

Value add opportunities:
  • Annexation
  • Preliminary platting
  • Entitlement & utilities
  • Zoning
  • Access
  • New lease types
Phase III – Long Term Plan (10+ years)

Develop policy and planning mechanisms to create more consistency between endowment land classification/management and local planning visions.

- Develop broader suite of management options to maximize long-term revenue to value.

- Work with local land use jurisdictions to assure endowment lands are appropriately zoned and understood.

- Facilitated discussions with stakeholders to establish coordination and cooperation within constitutional limitations and mandate.
Implementation

• Move forward with marketing for Phase I properties with the intention to be transitioned for increased revenue.
  • Third party expert assistance and recommendations.
  • Land Board approval where proposed uses are different from traditional management.

• Identify Phase II and III properties.
  • Parcel specific planning
  • Value add opportunities (annexation, entitlement, etc.)
  • Market analysis
  • Expert assistance

• Coordinate additional planning for Phase II and III properties, with updates to local jurisdiction planning documents.
How to close the gap?

• How can the Department close the gap?
  • Land activities
    • Leasing (options that allow a hold due to revenue producing activities)
      • Dependent on the market and applicant
    • Disposition and reinvestment (financial vs. land)
    • Land exchange (into a higher producing asset)

(The following examples are to illustrate land activity and analysis situations, they are not proposals or recommendations)
Closing the Gap

• There is a financial gap between revenue generation and asset value commensurate with timberland.
• Examine other opportunities (land exchanges, disposition, conservation easements, etc.) that will increase revenue.
Parcel G – Financial Example of Lease vs. Disposition (Cottage Site Disposition)

Single Lot Value: 24.8 Acres = $9,700,000
3 Lots Value: 34.8 Acres = $10,590,000

<table>
<thead>
<tr>
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<th>Lot Size</th>
<th>Front Feet</th>
<th>Value</th>
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<td>24.8</td>
<td>3,100</td>
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3 Lot Option (zoning requires 8 acre lot size)
**4 Lot Option**

Combine with additional uplands across the street to meet sewer district’s requirements: 44 acres for 4 sewer connections

<table>
<thead>
<tr>
<th>Parcel</th>
<th>Lot Size</th>
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<th>Front Foot Value</th>
<th>Lot Value</th>
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Estimated values
### 16 Lot Option (Hypothetical)

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<td>$8,000</td>
<td>$1,520,000</td>
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<tr>
<td>Parcel C</td>
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<td>Parcel K</td>
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</table>

Estimated values
See Attachment 1
Financial Model
Leasing:

- Constitution - Article IX § 8

- Statutes - Idaho Code § 58-304 et al.
  58-310. TWO OR MORE APPLICANTS FOR SAME LAND — AUCTION OF LEASE. Except as otherwise authorized:
  (1) When two (2) or more persons apply to lease the same land, the director of the department of lands, or his agent, shall, at a stated time, and at such place as he may designate, auction off and lease the land to the applicant who will pay the highest premium bid therefor, the annual rental to be established by the state board of land commissioners.

- Rules - IDAPA 20.03.13, 20.03.14, 20.03.15, 20.13.16

Different activities may require different processes and documents (Disclaimer)

- IDAPA 20.03.14 – Rules Governing Grazing, Farming, Conservation, Noncommercial Recreation, and Communication Site Leases
  - Management Plans
  - Applications Require
    - Specific terms and conditions
    - Use and compatibility
    - Legal access and/or control of the land
    - Previous management of land leases and experience
    - Environmental and land management constraints
    - Mitigation measures
    - Payment of additional or non-standard administrative costs
    - Bonding

- Process and valuation of lease types not set by the rules or statute (commercial recreation, commercial office/retail, commercial ground lease, etc.)
Leasing process (generally)

1. Land available to lease
2. Advertise for application
3. Application
4. Notice of auction
5. Auction
6. Lease
Airport 7 – Example of Leasing Scenario (Boise, Ada County - Zoned C-2D General Commercial)
Airport 7 - Specific Property Information

AVAILABLE FOR LEASE

3 tax parcels totaling 6.7-acres, zoned C-2D. Proposals will be accepted for development of one, two, or all three parcels.

Ground Lease Process:
- Proposal submission
- IDL selects proposal
- Public Auction for lease is held
- IDL awards lease

For more information, call:
208-334-0257 www.idl.idaho.gov/leasing/commercial/index.html
An application can be submitted through the new LIMS portal (coming soon) or via Department application forms.
Other proposals include parking and a memorial. How does a development with buildings change the evaluation (improvements, utilities, etc.)? What if there is a proposal for housing, industrial, or hospitality?
Develop Lease Terms ➔ Auction ➔ Issue Lease

(this process includes assistance with the Office of Attorney General and in certain situations, Land Board approval)

What happens if it is not the original applicant or the concept that wins at auction?
Land Exchange

58-138. EXCHANGE OF STATE LAND. (1) The state board of land commissioners may at its discretion, when in the state’s best interest, exchange, and do all things necessary to exchange fee simple title to include full surface and mineral rights to any of the state lands now or hereafter held and owned by this state for lands of equal value, public or private, excepting lands that have as their primary value buildings or other structures, unless said buildings or other structures are continually used by a public entity for a public purpose.

- Idaho Const. art IX, §§ 8, 10
- Idaho Admissions Act § 5(b)
What the Plan is not

• It is not a property specific plan
  • Why:
    • The Department manages 2.5 million acres of land. There are plans that provide direction to the Department that are specific to that management (FAMP).
    • Some lands have attributes that deviate from traditional management (transition). Those lands require individual action, which varies upon each property.
    • Land use is primarily dependent on market conditions and desired use (applicants).
    • The Department does not act like a developer or the private industry.
    • Any constraint on property use could be contrary to law (for example, limiting leasing to one activity may preclude other opportunities that could produce higher returns).
    • The leasing process allows for multiple uses.
    • Exemption from local zoning.

• It is not a proposal to sell, develop, or dispose
  • Why:
    • The Department will evaluate properties on a case-by-case basis to determine how each action will result in returns for the endowment.
Next Steps

• February 12, 2021 – end of public plan commenting

• March/April – present to Land Board for final approval of plan

• Remove moratorium on non-traditional leasing types

• Begin marketing and accepting applications

• Work through any outstanding or pending lease applications

• Begin the process for Phase II and III properties for individual site plans

• Begin discussions with local jurisdictions and stakeholders on ideas/concepts for revenue producing activities
Thank you